

Message Text

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PAGE 01 VIENNA 10372 221258Z
ACTION XMB-04

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03 SP-02
CIEP-01 LAB-04 SIL-01 OMB-01 L-03 /060 W
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R 221225Z DEC 76
FM AMEMBASSY VIENNA
TO SECSTATE WASHDC 0386
INFO AMEMBASSY WARSAW

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EO 11652: N/A DECONTROL UPON RECEIPT
TAGS: EGEN, EFIN, AU, PL
SUBJ: FINANCING FOR SALE OF STEEL MILL EQUIPMENT TO POLAND

REF: STATE 304926; WARSAW 9039; 75 VIENNA A-255

DEPT PASS EXIM BANK

1. EMBOFF DISCUSSED SUBJECT TRANSACTION WITH HELMUT PERAUS, DIRECTOR OF EXPORT PROMOTION DEPARTMENT, OESTERREICHISCHE CONTROLLBANK (OEKB). PERAUS SAID MISUNDERSTANDING APPARENTLY AROSE AS RESULT OF INQUIRY OF OEKB FROM JAPANESE EXPORT FINANCING AGENCY RE "EXPANSION OF COLD ROLLING MILL FOR LENIN STEEL WORKS, CENTROZAP, POLAND.". OEKB RESPONDED NEGATIVELY IN CIRCULAR WHICH ALSO WENT TO EXIM BANK. OEKB HAD, HOWEVER, BEEN APPROACHED AND MADE OFFER TO FINANCE PICKLING PLANT FOR HULTA LENINA.

2. PERAUS STATED TERMS OF OEKB FINANCING WERE FOUR YEARS GRACE PLUS EIGHT YEARS REPAYMENT (RATHER THAN TWELVE YEARS REPAYMENT AS INDICATED IN WARSAW 9039). PERAUS WAS VAGUE ON DETAILS OF INTEREST RATE BUT STATED THAT CURRENT STANDARD RATES FOR OEKB FORMAT I CREDITS OF THIS LENGTH
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WERE 7.75 PERCENT FOR 60 PERCENT OF LOAN (FIXED RATE PORTION) AND 6.75 PERCENT FOR REMAINING 40 PERCENT (VARIABLE RATE PORTION. FOR DETAILS SEE 75 VIENNA A-255. EMBOFF ASKED IF IT WERE POSSIBLE THAT FLEXIBLE RATE PORTION HAD CEILING OF 6.75 PERCENT. PERAUS WOULD NOT CONFIRM THIS POINT BUT ADDED THAT AUSTRIAN EXPORTER

COULD ASSUME THIS ADDITIONAL RISK.

COMMENT: AUSTRIA'S IMPORTANT NATIONALIZED STEEL INDUSTRY
HAS NOT FULLY SHARED IN THIS YEAR'S ECONOMIC RECOVERY
AND HAS BEEN FACED WITH RECENT DECLINE IN ORDERS. IT
CAN BE EXPECTED THAT OEKB WILL CONTINUE TO OFFER VERY
COMPETITIVE FINANCING ON BUSINESS OF THIS TYPE.BUCHANAN

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Message Attributes

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